

# *ShroffConnect* Weekly Report

12<sup>th</sup> February, 2011

**Shroff Securities Pvt. Ltd.**  
Portfolio Investment Management Services

(for private circulation only)

# Current scenario & news

## World markets

- New U.S. claims for unemployment benefits dropped to a 2-1/2 year-year low last week
- US home loan demand drops, rates at 10-month high
- Inflation in Germany, accelerated to the fastest in more than two years in January, led by higher costs for food and energy
- IMF warned, a possible global economic slowdown sparked by Europe's sovereign debt problems could affect currency and stock markets and weigh heavily on Japan's growth prospects
- BOJ chief optimistic about economy, calls for reforms

## Indian markets

- India's exports grew by a healthy 32.5% yoy to USD 20.6 bln in January, 2011 on account of increasing demand in the western markets
- Centre to compensate the States with Rs 7,029 cr to offset CST losses suffered in 2010-11
- Food inflation at 7-week low of 13% as improved supplies eased prices of fruits and vegetables
- RBI is taking steps to bring liquidity in the financial system, which has been in deficit for several months
- Auto sales in India hit a record high in January, defying expectations of a slowdown

# Macro scenario

## World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK

## Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- GDP growth at 8–9%

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 12th Feb 2011	% Change
STOCKS	Australia	ASX	4970.57	0.24
	Brazil	Bovespa	65755.66	0.24
	China	Shanghai	2827.33	1.01
	France	CAC	4101.31	1.34
	Germany	DAX	7371.20	2.15
	Hong Kong	Hang Seng	22828.92	(4.52)
	India	Sensex	17728.61	(1.55)
	Japan	Nikkei	10605.65	0.59
	UK	FTSE	6062.90	1.09
	USA	DJIA	12273.26	1.50
COMMODITIES	Copper	\$/Pound	4.55	(0.87)
	Crude	\$/Barrel	85.28	(4.31)
	Gold	\$/Troy Ounce	1356.70	0.56
	Natural Gas	\$/MMBtu	3.89	(9.74)
	Silver	\$/Troy Ounce	29.85	2.54
	Aluminium	\$/Tonne	2495.00	(1.82)
	Lead	\$/Tonne	2560.00	(0.92)
	Nickel	\$/Tonne	28301.00	(0.17)
CURRENCIES	Zinc	\$/Tonne	2465.00	(1.64)
	USD/GBP		1.6007	(0.62)
	USD/EUR		1.3539	(0.28)
	USD/AUD		1.0017	(1.18)
	JPY/USD		83.42	1.60
	INR/USD		45.55	(0.02)
	HKD/USD		7.7959	0.11
BONDS	BRL/USD		1.6665	(0.42)
	2 Year	US Treasury	109.06	(0.12)
	10 Year		118.50	(0.07)
	30 Year		118.41	0.45

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 12th Feb 2011	% Change
STOCKS	Nifty	Large Cap	5310.00	(1.59)
	Sensex	Large Cap	17728.61	(1.55)
	BSE Midcap	Mid Cap	6475.92	(3.84)
	BSE Smallcap	Small Cap	7808.79	(6.27)
Some Major Shares	ACC	Rs/share	975.30	0.06
	Bharti Airtel		318.90	(4.09)
	HDFC Ltd		623.15	3.14
	Infosys		3040.85	(0.23)
	L&T		1556.10	(0.89)
	Reliance Inds		909.95	(1.09)
	Tata Motors		1142.70	(0.71)
	Tata Steel		595.30	(6.38)
COMMODITIES	Aluminium	INR/Kg	114.10	(1.51)
	Copper	INR/Kg	458.95	(1.19)
	Crude	INR/Barrel	3905.00	(4.48)
	Gold	INR/10gms	20340.00	1.85
	Lead	INR/Kg	118.40	(0.17)
	Natural Gas	INR/1mmBtu	177.00	(10.43)
	Nickel	INR/Kg	1294.20	0.01
	Silver	INR/Kg	45480.00	2.17
	Zinc	INR/Kg	112.60	(1.31)
CURRENCIES	INR/EUR		61.77	(0.16)
	INR/GBP		72.90	(0.64)
	INR/100 JPY		54.60	(1.50)
	INR/USD		45.55	(0.02)

**WORLD MARKETS - TECHNICAL SNAPSHOT**



STOCKS	Australia		Brazil	India ↓	
	France		China		
	Germany		Hong Kong ↓		
	Japan				
	UK				
	USA				

COMMODITIES	Aluminium		Crude Oil ↓		
	Copper		Gold		
	Lead		Natural Gas		
	Nickel				
	Silver				
	Zinc				

↑ = moved up from last week  
↓ = moved dn from last week

CURRENCIES (against USD)		AUD ↓	INR		HKD
		BRL	JPY ↓		
		EUR			
		GBP			

BONDS (US Treasury)			2 Year	10 Year	
				30 Year	

## INDIAN MARKETS - TECHNICAL SNAPSHOT



### INDICES

Mid Cap  
Nifty ↓  
Sensex ↓  
Small Cap

### SECTORS

IT ↓  
Metal  
Teck

Auto  
Bankex  
Cap Goods  
Cons Durable ↓  
FMCG ↓  
Healthcare ↓  
Oil & Gas

Power  
Realty

### COMMODITIES

Aluminium  
Copper  
Lead  
Nickel  
Silver  
Zinc

Gold ↑

Crude Oil ↓  
Natural Gas

↑ = moved up from last week  
↓ = moved dn from last week

### CURRENCIES (against INR)

GBP ↑

EUR  
JPY ↓  
USD

## MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES		Petronet LNG ↓ TCS ↓	ACC BOB ↑ BEL Bharti Airtel Cairn Cipla Grasim Ind HDFC Hind Unilever Hind Zinc ↓ Hindalco ↓ Infosys Tech ITC Jindal Saw Jindal Steel M&M Nestle India Power Grid Ranbaxy Sesa Goa Siemens Sterlite Ind Tata Motors Tata Steel Wipro	Adani Ent Allahabad Bank Ambuja Cem ↓ Andhra Bank Bank Of India ↓ Canara Bank GAIL ↓ HDFC Bank ICICI Bank ↓ Idea Cellular ↓ IOB Reliance Ind Suzlon Synd Bank ↑ Tata Chem Tata Power ↓ Ultratech ↓ Union Bank	Ashok Ley Axis Bank ↓ B P C L ↓ Bajaj Auto ↓ Bhel H P C L Hero Honda JP Asso JSW Steel LT M R P L ↓ Maruti Suzuki ↓ MRF NTPC ↓ O N G C ↓ PFC Punj Loyd PNB ↓ RCOM Reliance Infra SAIL SBIN UCO Bank ↓ United Spirits ↓

↑ = moved up from last week

↓ = moved dn from last week



## MAJOR MEDIUM & SMALL CAP COMPANIES - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES			HCL Tech ↓	Asian Paints Chambal Fert Dr Reddy Glenmark Ph IGL Lupin Mphasis OFSS Patni Comp Shr Renuka SRF Sun Pharma Titan Ind ↓	Aditya Bir Nuv ↓ Bharat Forge ↓ Biocon Colgate-Palm ↓ Crompton Gr Cummins ↓ Dabur Divi's Lab Exide Inds Federal Bank ↑ GSPL ↓ Havells India IFCI ↓ Jain Irrigation ↑ Mundraport Piramal Health Shriram Trans Sun Tv ↓ Voltas	Apollo Tyres DLF GMR Infra HDIL HCC I D F C IDBI Bank ↓ Indian Hotel ↓ Kotak Bank ↓ LIC Housing ↓ RECL Reliance Cap Sterlite Tech Tata Global Tech Mah ↓ United Phosp Yes Bank

↑ = moved up from last week

↓ = moved dn from last week

# Our opinion

- Money flow: Into stocks of developed markets and bullion.
  - Opinion on money flow: Money is flowing out of emerging markets, probably because developed markets seem cheaper and more stable on account of low inflation and strengthening recovery.
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- Indian stocks: The market is in a long term correction.
  - Current trend in sectors: No sector is bullish as of now.
  - Positives: Growth in certain sectors.
  - Negatives: Rising raw material costs, high inflation and uncertain political conditions. Mixed corporate results.
  - Opinion: The market is in a correction mode in the longer term period. During the next month, especially with the Annual Budget around the corner, the market should remain volatile. Long term investors may hold onto their investments and even switch to stronger sectors/companies. Fresh investments are best avoided till a new trend emerges.

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